



**STATE OF TENNESSEE
TENNESSEE COMMISSION ON CHILDREN AND YOUTH**

Andrew Johnson Tower, Ninth Floor
710 James Robertson Parkway
Nashville, Tennessee 37243-0800
(615) 741-2633 (FAX) 741-5956
1-800-264-0904

August 24, 2012

The Honorable Bill Haslam, Governor
Tennessee State Capitol/William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243

RE: TCCY Budget Recommendations for Fiscal Year 2013-2014

Dear Governor Haslam:

Tennessee Code Annotated Section 37-3-103(a)(1)(B) includes the following statutory duty for the Tennessee Commission on Children and Youth (TCCY):

Review and analyze the proposed budget, as contained within the general appropriations act, for each entity of state government which utilizes state or federal funds to administer or provide programs and services for children and youth; prepare and distribute an impact statement for the proposed budget of such entity, and make recommendations to the Governor, the finance, ways, and means committee of the senate, and the finance, ways, and means committee of the house of representatives.

The Commission recognizes review of the appropriations bill is not the best stage of the budgeting process to submit recommendations. Consequently, as we have done for more than a decade, the Commission would like to take this opportunity to present recommendations for the Fiscal Year 2013-2014 state budget in terms of its impact on children, youth and families. We believe these recommendations may be most effectively utilized if submitted prior to the preparation of the budget.

Since FY 2008, Tennessee has faced significant budget constraints. Good stewardship during the previous Administration created significant reserves allowing the state to protect many essential services for children and families. Your Administration has continued a commitment to careful budget management, and we appreciate your commitment to maintaining a prudent and positive budget status for the state.

Over the past two decades Tennessee has created public-private and state-local partnerships to implement essential "infrastructure" services for children and families – basic public supports

developed in our child welfare, education, health, human services, juvenile justice, mental health and disability services systems. These services and supports are interrelated, so weakening public structure resources in one system erodes the strength of the foundation in all systems.

Good public policies and strategic investments in public structures have led to improved outcomes for Tennessee children. The 2012 Annie E. Casey Foundation *KIDS COUNT Data Book*, released in late July, ranked Tennessee 36th, the state's best ranking in KIDS COUNT's 23-year history. The 2012 Report expanded from 10 indicators in the previous reports to 16 in four domains: Health, Education, Economic Well-Being, and Family and Community, with each domain separately ranked.

Tennessee's best ranking was 16th in Health, where good public policies and important programs have made a difference:

- Tennessee's historically relatively aggressive approach to providing insurance for children through TennCare and CoverKids means fewer children in Tennessee are without health insurance compared to the national average.
- Tennessee ranked first in the nation with the lowest percent of teens who are dependent on or abuse alcohol or drugs. This measure is focused on abuse and not merely use. We are grateful to see this positive outcome and believe prevention efforts funded through the Department of Mental Health and Substance Abuse Services, the Department of Education's Coordinated School Health Program, and the Commission's previous support through Enforcing Underage Drinking Laws (EUDL) federal funding have made a difference in this arena.
- Good public policies, including laws requiring child restraint devices and seat belt use in vehicles, bicycle helmets, life jackets in boats and graduated driver licensing and prohibiting texting while driving, all help reduce accidental deaths. Coupled with strong suicide prevention programs, these policies have helped Tennessee improve in child and teen deaths.
- While Tennessee still ranks near the bottom in low-birthweight babies, at least the state has made progress. Access to prenatal care through the Department of Health and TennCare, and efforts to improve women's pre-conception health, implement evidence-informed prenatal care strategies, especially in Memphis, and to reduce tobacco and other substance use during pregnancy are all making a difference.

At the same time, the KIDS COUNT Data Book highlighted the need for more concerted efforts in Tennessee to improve Education, Economic Well-Being and Family and Community indicators. More than one in four Tennessee children lives in poverty, with almost one in seven living in a high-poverty area. More than one in three Tennessee children lives in a family with a high housing cost burden, where parents lack secure employment, and/or in a single-parent families (37 percent of children in each category), all very interrelated factors that often have an adverse impact on education outcomes.

Though the revenue situation has significantly improved, there are still challenges on the horizon that could have a devastating impact on the well-being of Tennessee children and families. Tennessee is heavily reliant on federal funding for the public structures that provide many of the essential services and supports for Tennessee children and families. In FY 2011, based on data

submitted from state departments and agencies to TCCY's Resource Mapping Project, federal expenditures accounted for close to half of all dollars spent on children through the Tennessee state budget (44.6 percent). When required matching and maintenance of effort (MOE) dollars for the agencies providing the major federally funded services to children and youth are considered, the reliance on federal funding is even more apparent. In FY 2011, excluding the BEP, three of every four dollars spent on services for children and families in Tennessee were from federal funding sources and almost nine of every 10 dollars in the state budget for children (89 percent in FY 2011) were either federal or required as match/maintenance of effort for federal funding.

What happens with federal funding has an incredible impact on Tennessee children and families. Sequestration, as proposed under the Budget Control Act of 2011 or other future budgets with substantial reductions in federal funding will be incredibly challenging as they precipitate devastating cuts in the public structures that support children and families. Those structures are vital for children to be safe, healthy, educated, supported and nurtured, and engaged in activities that provide them opportunities to succeed in school and become good parents and productive employees in the future.

The U.S. Senate Appropriations Committee Majority Staff issued a report on July 25 estimating sequestration could cost Tennessee children more than \$97 million in federal funding. Those dollars support essential services like Head Start, the Child Care and Development Block Grant, the Maternal and Child Health Block Grant, Workforce Investment Act Youth State Grants, Special Education Grants, Title I Grants to Local Education Agencies and many more. These cuts would total about a quarter of all federal expenditures on children in Tennessee in FY 2011.

We appreciate your thoughtful approach to implementation of the Affordable Care Act and the issue of Medicaid Expansion in Tennessee. Through the efforts of the Department of Finance and Administration's Division of Insurance Exchange Planning, Tennessee is making significant progress toward setting up Health Insurance Exchanges. In conjunction with federally issued subsidies, Health Insurance Exchanges will provide access to the insurance market for many families unable to afford or obtain insurance in the current environment. Tennessee has offered public insurance to children through the CoverKids program and to individuals through the CoverTN plans for several years. TennCare, CoverTN and Cover Kids have enabled the state to be a leader in providing health insurance coverage for children, and, as previously mentioned, helped Tennessee earn its highest Kids Count ranking ever this year. Still, many low-income families with children are unable to provide them health insurance. Expanding eligibility for Medicaid to 133 percent of poverty would provide health care coverage for many additional families with children.

The benefits of Medicaid expansion for Tennessee children and families are significant. Health insurance, including Medicaid, enables families to access care in a more timely fashion, reducing costs through early detection by providing more cost effective treatment at onset and avoiding more costly, less effective treatment in the future. Healthy children have better school attendance, academic achievement and degree completion than children with poor health.

Medicaid expansion would significantly reduce the amount of indigent care provided by public and rural hospitals in Tennessee, improving their balance sheets and enabling them to remain

viable so they can continue to provide care in the more remote areas of the state. Medicaid expansion would also be a huge economic boost for Tennessee by reducing medically induced bankruptcies for low-income families and creating hundreds of jobs in the health care industry.

TCCY also appreciates your support for youth aging out of state custody by proposing the continuation of the Tennessee Youth Empowerment Act offering extension of foster care services to youth under the care of the Department of Children's Services who are transitioning to adulthood after turning 18 years of age. Before this program, youth who were discharged from the custody of DCS at age 18 were too frequently left to fend for themselves. Lacking a supportive and engaged family; community support; safe, suitable housing; a high school diploma; vocational training or dependable transportation, other than their own two feet, these young people were often set adrift without a plan or a caring adult to help guide the way. Research has shown that youth aging out of state custody suffer higher rates of incarceration, homelessness, unwanted pregnancy, poverty and joblessness than their same-age peers. Today thanks to your Administration and the 107th General Assembly, these youth have an opportunity to continue to voluntarily receive supportive services from DCS while they complete their education or vocational training. Coupled with changes brought about by the Affordable Care Act providing TennCare eligibility until age 26, these services help youth chart a course to a healthy, successful adult life. Among transitioning youth recommendations for increasing their opportunities for success would be the inclusion of bus passes as part of their college tuition payments to help them overcome transportation barriers to attending classes and other required activities.

Budget Recommendations for FY 2014

The Tennessee Commission on Children and Youth is a long-time supporter of **Pre-K** in Tennessee. We appreciate your inclusion of maintenance funding in the current budget and are excited to hear of your potential interest in expanding the program. Tennessee has one of the best Pre-K programs in the nation. The National Institute for Early Education Research recognized Tennessee's program for the past three years as a national model for states looking to provide a high-quality Pre-K program for children. Quality Pre-K has been shown to improve academic achievement, reduce referrals for special education, increase graduation rates, reduce incarceration, and even increase the earnings of student's households. At-risk students, defined as those eligible to participate in free or reduced-price lunch programs, are shown to benefit most from quality Pre-K programs.

Tennessee currently funds pre-K classes in 135 of 139 school districts across the state. Even though the overwhelming majority of districts are providing some quality Pre-K classrooms, few would report having enough classes to meet the needs. While Tennessee serves 22 percent of all four-year-olds in quality Pre-K programs, it serves only 35 percent of the group that benefits most, at-risk students.

The needs are greatest in Shelby and Davidson counties, where the majority of Tennessee's at-risk students live. Unfortunately, the Basic Education Program formula for determining the level of state support for local education agencies is based on a county "tax capacity" model and does not take into account the high poverty concentration in these counties. The Administration should consider implementing a funding model for Pre-K classrooms that provides sufficient

dollars so every four-year-old, especially all at-risk four-year-olds, have the opportunity to benefit from Tennessee's quality Pre-K program.

Providing full funding to expand quality Pre-K to all at-risk students in Tennessee would be a wise investment in the future of our state and compliment your Administration's goals of improving education and economic opportunities in Tennessee. Now, when state revenues are growing, would be a good time to begin making investments in building a stronger, more competitive work force.

In 2010 the General Assembly established a Core Services Reserve to fund essential services through the remainder of the downturn. TCCY sincerely appreciates the provision of recurring funding for a number of essential programs and services for children in the current year budget that for the past two years were funded with non-recurring revenue. The Commission has been very supportive of the **Coordinated School Health Program (CSHP)** and strongly supports its full funding and staffing so it can meet its potential in improving a broad range of outcomes for Tennessee children. As revenues improve, consideration should be given to whether support is needed for additional staffing for CSHP in larger school systems.

While many services across state government have been returned to the base budget by funding them with recurring revenue, several important programs serving at-risk children and families are still funded with non-recurring dollars. Now that revenues have returned to pre-recession levels, with sales taxes coming in above estimates for 27 consecutive months, it is time to restore these programs to the base budget.

Family Resource Centers (FRCs) are state-local and often public-private partnerships working to improve education opportunities and achievement among at-risk students and their families. There are Family Resource Centers in 68 counties serving as liaisons between and among children, families, local schools and local social service agencies. FRCs are known to increase access to services for at-risk children and improve academic outcomes. The state should restore funding for current centers on a recurring basis and provide additional funds so at-risk children and families in all 95 counties may have access to these services.

Two valuable **Home Visiting Programs** administered by the Department of Health, **Child Health and Development (CHAD)** and **Healthy Start**, are funded with interdepartmental dollars from the Department of Children's Services. They provide in-home visits to expectant mothers and new parents. Healthy Start and CHAD are funded with non-recurring revenue in FY 2013. Research shows quality home visiting programs reduce child abuse and neglect and infant mortality, and increase immunizations and parent's knowledge of children's developmental needs. Evidence-based home visiting programs should be an integral part of strategic efforts to improve outcomes for Tennessee's youngest children, and especially made available to at-risk young children. Brain development research makes clear the value of investing in young children.

Three programs funded by the Department of Mental Health and Substance Abuse Services are also in need of recurring funding in FY 2014:

- The **Statewide Family Support Network (SFSN)** provides family education, support and advocacy services in all 95 counties in Tennessee. The program provides information, training and advocacy on mental health issues for families of children and youth with serious emotional disturbance (SED) and to child-serving organizations and professionals. This program is funded at \$330,000 through TDMHSAS and served over 55,000 youth, families and professionals in FY 2011.
- **TeenScreen** provides an opportunity for youth in grades 6-12 to participate in a mental health screening to identify problematic behaviors and health concerns, such as depression, suicidality, anxiety and dental/vision problems. TeenScreen staff assist the families of youth with identified needs in connecting with appropriate services and supports. Tennessee Voices for Children (TVC) has been operating TeenScreen, currently funded at \$115,000, since 2006. It is the only licensed TeenScreen site in the state.
- Tennessee Voices for Children also implements the **Early Childhood Consultation Program (ECCP)**. ECCP, funded at \$163,000, provides statewide training and technical assistance services to 23 early childhood demonstration and implementation sites serving over 2,900 children each year. This initiative focuses on promoting the social and emotional competence and school readiness of young children birth through age five. It is another important link in efforts to improve outcomes for young children.

Since 2008, the Tennessee Commission on Children and Youth has staffed and administered the **Council on Children's Mental Health**. The Council was created by the 105th General Assembly to develop a statewide **System of Care (SOC)** to better meet the mental health needs of Tennessee children. When the Council began, TCCY completely staffed and supported the Council using federal juvenile justice funds, since a substantial proportion of youth in the juvenile justice system have mental health treatment needs. Since then, federal juvenile justice funds have been dramatically reduced, and in order to meet grant and other requirements of the funding, TCCY has been forced to discontinue funding CCMH with federal juvenile justice dollars and is challenged in providing ongoing funding for staffing and operating expenses with its current state appropriation. CCMH has received broad-based support and participation from providers, families, youth, child-serving state departments and advocates. As the Council is midway through its work of planning for a statewide SOC, it is imperative this work continue to provide a more coordinated network of services and supports. TCCY needs \$95,000 in state funding to continue staffing and supporting the Council on Children's Mental Health.

Currently, the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) is exploring the option of creating a **training and technical assistance/System of Care Center of Excellence (TA/SOC COE)** using federal grant funds from SOC initiatives. This center would provide training on a variety of topics, including: family-driven and youth-guided services, wraparound services, family support provider certification, trauma-focused cognitive behavioral therapy, trauma screening strategies, trauma treatment, and trauma informed approaches to care; Child/Adolescent Needs and Strengths (CANS) service planning tool; accountability and resource management; care coordination; and local governance development. The TA/SOC COE would also develop toolkits for SOC implementation, including readiness assessments, tools for managing conflict and tips for engaging families and youth. The center is essential for expanding SOC statewide and ensuring on-going quality of and fidelity to SOC concepts. The Council recommends on-going funding for any center created for this purpose by TDMHSAS and/or initial funding to create a center for this purpose if TDMHSAS

does not receive federal funding. Funding is needed to sustain and/or create a Technical Assistance/ System of Care Center of Excellence to support system of care expansion and help communities/ groups develop local/regional SOC initiatives. Implementation of a System of Care approach improves outcomes for children/families and provides more cost-effective care.

Funding for **Child Advocacy Centers (CAC)** should be restored on a recurring basis. The FY 2013 budget restored a proposed reduction with \$250,000 with non-recurring revenue. Child Advocacy Centers help law enforcement, District Attorneys and Department of Children's Services' child protective services staff investigate cases of child sexual abuse and severe physical abuse and provide prevention services, treatment and support for child victims. CACs are available in 29 of 31 Judicial Districts around the state. They are a critical link in reducing trauma to abused children and improving prospects for successful prosecution when appropriate.

The FY 2013 budget initially proposed the elimination of **State Supplements for Juvenile Courts**. These grants provide \$9000 to Juvenile Courts in each county to improve services by requiring each county to have at least a part-time, qualified Youth Service Officer and annual training for Juvenile Court staff. We are grateful funding for the State Supplement was restored with the transfer of these grants from the Commission on Children and Youth to the Department of Children's Services. Our concern was not who administered the funding, only that the juvenile courts receive these needed dollars. State supplements for Juvenile Courts are critical to providing quality services in these courts for the most vulnerable children and families in Tennessee. Youth Services Officers are key in helping reduce unnecessary commitments to state custody as they seek and coordinate provision of community services for children.

However, funding for continuation of the grants was accomplished by reducing the amounts available in two other grant programs for Juvenile Courts: **Juvenile Court Prevention Grants and Community Intervention and Short Term Services Grants**. These grants have been funded from the Core Services Reserve in the previous two fiscal years and were moved back to recurring funding in FY 2013. The Juvenile Court Prevention grant was reduced by \$855,000 to fund State Supplements for Juvenile Courts, and the Community Intervention grants were also reduced by \$30,000. These reductions come at a time when funding for delinquency prevention on the federal level has been and continues to be substantially reduced. The *2012 Resource Map of Expenditures on Children Report* issued by TCCY in April 2012 shows how little funding is actually provided for prevention and intervention programs and compares their much lower cost per child to the substantial amount of funds, and the much greater cost per child, for intensive intervention services. These(in the case of Juvenile Justice detention and institutionalization) tend to be the most expensive, least effective services. Juvenile crime and delinquency in Tennessee and across the nation is at an historical low. Funding reductions for prevention and intervention services, the most cost effective alternatives to detention, have the potential to undermine this progress. While there may be more appropriate strategies for allocating juvenile justice prevention and intervention funding, it is important for the state to restore prevention program funding and implement strategies with a proven track record of reducing delinquency and/or recidivism.

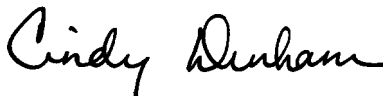
For the current fiscal year, funding was eliminated for two contracts, each for \$200,000, for **adoption support and preservation programs**. Through these contracts, Harmony Adoptions in Maryville and Family and Children's Services in Nashville provided adoption preparation and

post-adoption services across the state for hard-to-place children and challenging adoption situations. These agencies are striving to maintain minimal infrastructure for these services that have been so instrumental in Tennessee receiving national recognition for its adoption efforts. Funding is needed to ensure children in state custody have access to intensive resources for supporting permanency in a stable, loving family.

Court Appointed Special Advocate (CASA) programs provide trained volunteers who are appointed by the juvenile court judges to advocate in the best interest of abused or neglected children in their courts. In FY 2013, recurring funding was appropriated for an additional eight CASA programs, bringing the total number of Tennessee counties with CASA programs to 43, still less than half. The goal of Tennessee CASA, the statewide support organization, is to make CASA available for every child who needs one by 2020. To achieve this goal, Tennessee will need to provide funding for 10 or 11 new CASA programs each year for the next six years. Efforts to expand CASA are on-going, with new counties expressing a desire to implement CASA services every year. A CASA program in every county, for every child who needs one, would enhance efforts of the Department of Children's Services to reduce the number of children in custody through timely family reunification or other exits to permanency. CASA programs receive \$15,000 per county, so they must raise the majority of funds to implement these important programs. The provision of minimal state funding to additional counties pays substantial dividends in improving outcomes for some of the state's most vulnerable children.

As Tennessee returns to more stable and growing revenue, there is the opportunity to stabilize the funding for those public structures highlighted in these recommendations that are still operating with non-recurring dollars, to restore those lost and to move forward with key expansions in areas that improve outcomes for Tennessee children. We appreciate your efforts for a brighter future for all Tennessee children and will do whatever we can to assist you. If you have questions or we can provide additional information, please let us know.

Sincerely,



Cindy Durham
Commission Chair



Linda O'Neal
Executive Director

cc: First Lady Crissy Haslam
Claude Ramsey, Deputy to the Governor
Mark Cate, Governor's Chief of Staff
Karla Davis, Commissioner, Department of Labor and Workforce Development
Dr. John Dreyzehner, Commissioner, Department of Health
Mark Emkes, Commissioner, Department of Finance and Administration
Raquel Hatter, Commissioner, Department of Human Services
Jim Henry, Commissioner, Department of Intellectual and Developmental Disabilities
Kevin Huffman, Commissioner, Department of Education
Kate O'Day, Commissioner, Department of Children's Services
Doug Varney, Commissioner, Department of Mental Health
David Thurman, Budget Director, Department of Finance and Administration

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